Sustainability Articles

* The Nonprofit Starvation Cycle
  + <https://ssir.org/articles/entry/the_nonprofit_starvation_cycle#>
  + Overhead
    - Technology
    - Training
    - Financial Systems
    - Fundraising
    - Marketing
  + Typically underfunded, cut, or postponed
  + Impacts the mission
* Improving FInancial Sustainability: Schools experiment with new models
  + <https://www.nais.org/learn/independent-ideas/november-2018/improving-financial-sustainability-schools-experiment-with-new-models/>
  + Four Paradoxes in Education
    - Even as we are aware that our business model is broken, schools are doubling down on it
    - The way we manage this model undermines the relevance and value of it
    - Change needs to happen quickly in organizations that typically don’t support rapid innovation
    - The value of our work is increasing, but skepticism of the value is growing
  + How some independent schools approach the challenge of sustainability
    - Leverage Assets
    - Awareness of Market Shifts
    - Rethinking Price
    - MicroSchools
* How sustainable is your School
  + <https://www.privateschoolreview.com/blog/how-sustainable-is-your-school>
  + Develop a business plan
    - Local Market conditions
      * How many other schools
      * Growth projections in the area
      * Demographics of the area
    - Viable Business Model
      * Sources of Revenue
        + Tuition
        + Portion of church offerings
        + Fundraising
        + Preschool
        + After School Programs
        + Summer Programs
      * Availability of teachers
      * Network with similar sized school leaders
      * Develop a pipeline of potential families
    - Your current finances
      * Accountant to manage books
      * Keep eye on working capital and cash flow
* Thinking Long Term: Financial Sustainability TIps for your Private School
  + <https://www.finalsite.com/blog/p/~board/b/post/thinking-long-term-financial-sustainability-tips-for-your-private-school>
  + Projections
    - Enrollment
    - Budget
  + Focus on Retention
  + Support for your teachers and workers
  + Alternate Revenue Sources

# The Independent School Financial Model -- Is It Sustainable?

* + <https://www.nais.org/magazine/independent-school/summer-2016/the-independent-school-financial-model-is-it-su/>
  + Takeaways:
    - 1. The key measure of financial sustainability is the annual and longitudinal measure of [net](https://prizmah.org/hayidion/catalyzing-resources/net-tuition-revenue-modeling-harness-capacity-financial-aid-financial) vs. gross tuition increases. Once the latter outpaces the former, a school is in trouble.
    - 2. Schools are struggling to identify the “value-added” objective measure that justifies their costs.
    - 3. The role of philanthropy is key to the model, and schools are seeing a shift in the kinds of gifts they are receiving and soliciting (less endowment and more current-use support for strategic initiatives largely programmatic in nature).
    - 4. Of the few most impactful financial levers, schools are not pulling the enrollment lever, as overall demographic trends indicate flat to minimal school-age population growth.
    - 5. There remains debate and disagreement about the proper strategy vis-à-vis tuition increases and tuition discounting.
    - \*\*\*\*\*\*6. Quality should determine price, not vice versa. Tuition should be set based on program needs and strategic plan initiatives.
    - 7. The teacher-student relationship is paramount and remains an important marketing tool.
    - 8. Independent schools increasingly need to provide objective data about student and alumni success to demonstrate value and track program quality.
* From Financial Sustainability to Thriveability
  + <https://static1.squarespace.com/static/596cf8866b8f5b88b9e5a874/t/5a2579ae085229cadef302b1/1512405423398/ThriveabilityDec1+%281%29.pdf>
  + The sustainability conversation often omits the single most important question any school must ask: what makes our school’s educational experience profoundly relevant, valuable and transformative for students?
* [Sustainability](https://www.brotherhoodmutual.com/resources/podcasts/leadership-lessons/larry-taylor/): Dr Larry Taylor Prestonwood Christian Academy
  + What will you pay your staff? 70% of budget goes to wages and benefits
  + What type of accreditation will you pursue?
  + What type of facility will that accreditation require?
  + How much tuition will your market provide?
  + Does your mission resonate with the people?
  + What is your retention level?
  + What other revenue streams exist?
  + Scan the Horizon - What market reality might hit our school 3,5,10, 20 years in future?
  + Excellence - pursuit in all things
* Increasing access to low and middle income families
  + <https://www.the74million.org/article/report-as-tuition-rises-how-private-schools-and-microschools-are-working-to-increase-access-for-low-and-middle-income-families/>
  + About 500,000 private-school students in 29 states receive public dollars through some combination of vouchers, education savings accounts and tax-credit scholarships.

# A Game-Changing Model for Financially Sustainable Schools

* + <https://www.nais.org/magazine/independent-school/spring-2010/a-game-changing-model-for-financially-sustainable/>
  + The new price-setting reality can be visualized as an equation in which the perceived outcomes numerator divided by the perceived price denominator indicates the value (or the value-added) of a school[3](https://www.nais.org/magazine/independent-school/spring-2010/a-game-changing-model-for-financially-sustainable/#note3):
  + Value = Perceived Outcome/Perceived Price
  + Thus, as price goes up, unrelentingly beyond what’s “normal” for most other goods and services (*i.e.*, the rate of inflation), the perceived outcomes must go up for perceived value to remain the same. If the market judges that perceived outcomes for homeschooling, charter schools, magnet schools, academically high-powered parochial schools, and lower-priced independent schools produce similar results to higher-priced independent schools, then the competition’s value proposition exceeds that of independent schools simply by the dynamics of the equation: lower cost with similar outcomes equals higher value.
  + Setting Tuition Old Normal -
    - Budgeting starts with identifying the needs of the organization, after which tuition is set, predictably resulting in high tuition increases seen as the only lever to pull in order to balance the budget without sacrificing what has been deemed as “necessary.” And too much of what is in the “nice to have” column has migrated over time to the “must have” column. Part of the “old normal” is the assumption that spending has no limits to it. More specifically, the “business as usual” approach to the budgeting process is rooted in the old assumptions that high tuition increases are necessary to expand program and staff while simultaneously sustaining both small classes and competitive faculty salaries.
  + Setting Tuition New Normal -
    - In the new normal, budgeting starts with an economic assessment of the community’s capacity to pay, a demographic study projecting forward how many families with children will have that capacity to pay,[6](https://www.nais.org/magazine/independent-school/spring-2010/a-game-changing-model-for-financially-sustainable/#note6) and a realistic assessment of the school’s relative strength in the market based on five-year admissions funnel trends. Based on this assessment, individual schools determine the tolerance for tuition increases, which could range from none (tuition freeze) to modest (CPI or CPI+1) to high (anything over that), based on local circumstances. Once price is set, then a strategic assessment begins on how to increase non-tuition revenues and decrease costs without sacrificing quality or core programming.
* Ability to Pay vs Willingness to Pay
  + <https://www.nais.org/magazine/independent-school/fall-2022/considering-the-markets-ability-to-pay-versus-its-willingness-to-pay/#:~:text=According%20to%20NAIS%20DASL%2C%20the,able%20to%20pay%20that%20tuition>.
* A Biblical Model for Supporting Association-Model Lutheran Schools
  + <https://graceworksministries.org/towards-a-lutheran-theology-of-tuition-and-financial-aid-for-christian-schools/>
  + the traditional Lutheran view of the relationship of member churches to sponsoring Pk-12 schools has been to subsidize, often deeply, the tuition costs of congregational members who attend the school. In many parts of America, it is not uncommon for so-called “member tuition” rates to be a third of what non-members pay. These discounts irrespective of what these families can afford to pay. But in fact someone must pay what it actually costs to educate these precious children.
  + From a business point of view, it seems nonsensical to charge less than it costs to provide a service. What other services can you think of that do this?
  + Four Biblical (?) Pillars to charging tuition
    - Each according to their need
    - Providing service regardless of income
    - Not allowing the poorer to subsidize the richer
    - Joyful Giving (do automatic church subsidies and member discounts facilitate this?)
  + Quadrant A: High Tuition / Significant Financial Aid – Attracts widest economic diversity
  + Quadrant B: High Tuition / Little Financial Aid – Attracts largely higher income
  + Quadrant C: Low Tuition / Significant Financial Aid – Inner City model, few higher income
  + Quadrant D: Low Tuition / Little Financial Aid – Attracts largely middle class, fewer high or low
  + Model:
    - (1) Automatic discounts are discontinued; needs-based financial aid takes their place
    - (2) Tuition rates move to the full cost to educate a child
    - (3) The greatest needs-based financial aid (up to 100% if qualified) goes to association church members
    - (4) Congregational support of association schools moves to needs-based financial aid
    - (5) This more Biblical approach is thoroughly presented throughout the congregations and with financial aid recipients, to improve both the evangelistic impact of the school, and the stewardship results of the church.
* Cardus Research project: Future Ready -
  + <https://www.cardus.ca/research/education/reports/excerpt-from-future-ready/?e=4824434612fff76bf68b8a70b4ee8e3a6875d14f&h=8015cc4459a0544aaf4715de0d350aa26788ac9a>
* NAIS Webinar Series - Planning for a sustainable future -
  + <https://www.nais.org/participate/webinars/2020-2021-nais-leadership-series-planning-for-a-sustainable-future/?utm_source=lp&utm_medium=website&utm_campaign=mc&utm_content=fs>